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- **Update** – The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) changes the home health annual update from a fiscal year basis to a calendar year basis, although for the first year (2004), the first calendar quarter will be frozen at current (FY 2004) rates. The “calendar year” update will become effective April 1, 2004, and is set at market basket minus 0.8 percent for each of calendar years 2004 (last 3 calendar quarters), 2005 and 2006, returning to full market basket in 2007.
  - **Rural Home Health** – The MMA increases payments to home health agencies for services provided in a rural area by 5 percent for one year, beginning April 1, 2004. Standard home health prospective payment amounts are not reduced to offset this increase.
  - **OASIS** – The MMA temporarily suspends collection of OASIS data for non-Medicare and non-Medicaid patients. It also requires a study and report on the benefits/value and burden of collecting such information for both large and small home health agencies within 18 months of enactment.
  - **MedPAC Study** – The MMA requires the Medicare Payment Advisory Commission (MedPAC) to examine payment margins under home health PPS and report to the Congress.
  - **Coverage of Religious Nonmedical Health Care Institution Services Furnished in the Home** – The MMA expands the term home health agency (HHA) to include a religious nonmedical health care institution (RNHCI), but only with respect to items and services ordinarily furnished by the institution and that are comparable to items and services furnished by HHAs that are not religious nonmedical health care institutions. Payment may not be made in any year in which such payments exceed \$700,000 and the provision would expire December 31, 2006.
  - **Demonstration Projects** – The MMA requires CMS to undertake a number of demonstration projects related to home health:
    - *Consumer-Directed Care Demonstration Project* – An evaluation and demonstration project to test consumer-directed personal care services under the Medicare program for individuals with certain chronic conditions.
    - *Homebound Demonstration Project* – A 2-year demonstration to test an expanded homebound definition for certain severely and permanently disabled individuals receiving home health care.

- *Adult Day Services Demonstration* – A 3-year demonstration to test the provision of home health services to home health beneficiaries in an adult day care setting.